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What the new tax law means to railroads

November 30, 1981

RAILWAY AGE

TOFC/COFC: It's a growth market again

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RAILWAY AGE

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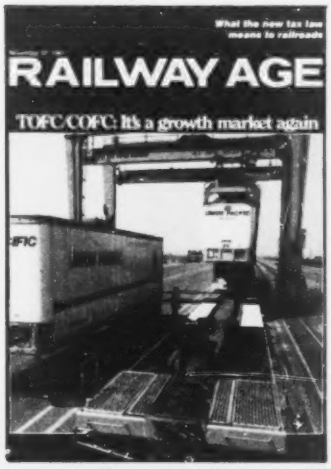

Cover article, page 22

Page 30

Page 36

FEATURES

22 TOFC/COFC: It's a growth market again
In a recession year that has seen overall railroad traffic slide, piggyback is bucking the trend. Deregulation has helped; savvier marketing and improved equipment and service are also contributing to the turnaround.

26 CP Rail places its bets on domestic containers
The shift of boxcar traffic into containers is well under way. CP is investing $80 million in intermodal improvements, with the emphasis on domestic containers. They now come in both 44-ft. 3-in. and 29-ft sizes.

30 A unit train that's in the chips
A Conrail/Hammermill Paper Co. unit train has now completed 10 years of operation. Associate Editor Bill Fahrenwald, who was aboard the train on its 936th trip, tells how it came to be—and how both parties have benefited.

36 What the new tax law means to railroads.
While certain provisions of the law grant important short-term benefits—particularly in track depreciation—the overall effects are complex and poorly understood, says AAR Executive Vice President Richard E. Briggs.

41 Wheelsets: A world view
The seventh International Wheelset Congress in Vienna covered all aspects of the subject—metallurgy, design, manufacture, maintenance, and performance. Associate Editor John Armstrong summarizes the proceedings.

NEWS

4 Short and Significant
10 Non-ops retreat on wage demands
12 How Family Lines cut its fuel bill
16 Coal traffic sets new records
16 RPI backs OT-5 changes
16 Justice probes flag-out boycott
20 FRA gets bids for Conrail lines
56 The Railroad Market

COMMENT

3 Inside
12 Watching Washington
20 Lines on Labor

DEPARTMENTS

46 People in the News
46 Associations
48 Suppliers
52 100 Years Ago
55 Advertising Sales
55 Letters
56 Carloadings
58 Classified Advertising
59 Professional Cards
59 Guide to Advertisers
60 Products Report

COVER: Les Wolf, Union Pacific photographer, Los Angeles, took this picture of a Trailer Train 4-Runner being loaded at UP's Hobart Yard in East Los Angeles.

Market

CARLOADINGS

Loadings of revenue freight in the week ended Nov. 7 totaled 424,838 cars, according to the Association of American Railroads. This was a decrease of 32,723 cars, or 7.2%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended Nov. 7 are estimated at 18.6 billion, a decrease of 2.1% below the corresponding week of 1980.

REVENUE FREIGHT CARLOADINGS

	Nov. 7 week	Oct. 31 week	Oct. 24 week
Grain	30,538	28,853	25,197
Other farm products	6,487	6,724	6,395
Metallic ores	23,337	27,180	31,199
Coal	131,973	136,955	134,826
Crushed stone, gravel & sand	11,284	11,273	12,641
Nonmetallic minerals	11,247	12,029	11,190
Grain mill products	13,858	14,166	14,366
Food & kindred products	15,333	15,429	15,442
Primary forest products	17,748	17,014	17,965
Lumber & wood products (except furniture)	5,923	6,822	6,269
Pulp, paper & allied products	17,977	19,375	18,243
Chemicals & allied products	23,736	24,477	25,042
Petroleum products	5,177	5,185	5,278
Stone, clay & glass products	12,292	12,618	12,700
Coke	6,199	5,792	6,379
Metals & products	12,711	14,343	14,602
Motor vehicles & equipment	14,403	16,657	16,027
Waste & scrap materials	10,301	11,115	10,810
Forwarder & shipper assn. traffic	9,698	10,223	10,243
All other carloads	44,398	47,217	44,190
LCL traffic	218	305	255
Total Cars Loaded	**424,838**	**443,752**	**439,259**
Cumulative total,	1981		1980
45 weeks	**18,986,095**		**19,677,772**
Estimated revenue ton-miles (billions), 45 weeks	**809.1**	**796.0**	

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Oct. 31 totaled 36,872 cars (8.8% above the corresponding 1980 week) and 67,647 trailers or containers (up 9.7% from 1980). Cumulative volume for the first 44 weeks of 1981 is 1,447,301 cars (up 2.2% from 1980) and 2,628,940 trailers or containers (up 2.2% from 1980).

CANADIAN CARLOADINGS

Canadian railway revenue freight loaded in the seven-day period ended Oct. 14 totaled 4.6 million tons (down 0.5% from 1980). Cars loaded totaled 64,500 (down 3.9% from 1980). Cumulative loadings for 1981 were up to 199.9 million tons (down 3.7% from 1980).

● *Amtrak.*—Is installing 22.7 miles of cwr between Philadelphia and Harrisburg at a cost of $3.9 million. Work is to be completed by early spring of 1982.

● *CP Rail.*—Placed an order with National Steel Car for an additional 100 89-ft, 4-in., 100-ton capacity container flatcars. This brings to 265 the total number of such cars to be delivered to CP Rail by next February at a total cost of $16.25 million. The cars will be used primarily for 20-ft and 40-ft marine containers but are also equipped to handle 44-ft, 3-in. and 29-ft domestic containers.

● *Maine Central.*—Directors approved a $4.1-million improvement program for 1982, a 60% increase over the 1981 program. Included will be eight miles of new rail, 12 miles of relay rail, tie and ballast renewal, and rolling stock rehabilitation and modernization.

● *Freight cars and locomotives.*—The following report has been received from the AAR and the ARCI:

DELIVERED

	September	August		Nine months	
	1981	1980	1981	1981	1980
Built new by carbuilders	3,299	6,596	2,971	34,431	63,656
Built new in RR shops	230	351	213	2,742	4,401
Built new—total	3,529	6,947	3,184	37,173	68,057
Rebuilt	84	199	65	847	1,122
TOTAL DELIVERED	**3,613**	**7,146**	**3,249**	**38,020**	**69,179**
Locomotives (new and rebuilt)	47	80	43	555	1,388

ORDERED

To be built new by carbuilders	1,743	4,406	798	13,974	31,391
To be built new in RR shops	0	0	0	253	2,915
To be built new—total	1,743	4,406	798	14,227	34,306
To be rebuilt	0	0	0	1,100	1,063
TOTAL ORDERED	**1,743**	**4,406**	**798**	**15,327**	**35,369**

ON ORDER AND UNDELIVERED

	October 1	September 1		Average backlog	
	1981	1980	1981	1981	1980
To be built new by carbuilders	19,837	59,806	21,403	31,899	81,760
To be built new in RR shops	2,015	4,766	2,245	2,963	5,590
To be built new—total	21,852	64,572	23,648	34,862	87,350
To be rebuilt	253	41	337	309	319
TOTAL ON ORDER	**22,105***	**64,613**	**23,985**	**35,171**	**87,669**
Locomotives (new and rebuilt)	228	595	267	337	912

*Due to revisions and cancellations of some orders, the Oct. 1, 1981 backlog has been reduced by 10 cars.